

BellSouth has experienced problems providing firm order confirmations (FOCs) in a timely manner. This results in the ALEC not knowing when service was actually implemented, and has resulted in billing statements being sent to the end user by both BellSouth and the ALEC. Although, BellSouth claims that it is currently receiving approximately 200 orders per day, BellSouth has not demonstrated that it can effectively handle this low volume of orders in an accurate and timely fashion. Therefore, we do not believe that BellSouth can currently meet service order demand requirements.

BellSouth has not provided sufficient test documentation to prove that it is capable of providing those services not yet requested. We believe that the manner in which BellSouth performed its internal testing is insufficient to demonstrate that its systems and processes are capable of responding to an order placed by an ALEC in a manner that is at parity with BellSouth's own abilities.

e. Maintenance and Repair

Problem 1: TAFI is a proprietary system that does not provide ALECs with machine-to-machine functionality.

Witness Bradbury states that TAFI is a human-to-machine interface that requires a new entrant to manually enter each trouble report order into the ALEC's own OSS, because TAFI does not allow electronic communication between BellSouth's OSS and a new entrant's OSS. Therefore, AT&T states because new entrants must manually input the maintenance and repair data twice, instead of only once, the ALECs are denied the ability to operate in substantially the same time and manner as BellSouth.

Witness Calhoun agrees that TAFI is not a machine-to-machine interface. She contends, however, that the TAFI interface is "intelligible to a human being" using this system. In addition, witness Calhoun states that TAFI is not an industry standard; however, the functionality that TAFI provides is "far superior" to the level of functionality that the industry defines in terms of exchanging information about a trouble report. She also asserts that TAFI can be used for any trouble identified with a telephone number, including residential and simple business

services, and some UNEs, such as an unbundled port, interim number portability, PBX trunks and ESSX station lines.

Problem 2: The TAFI interface lacks sufficient capacity to meet demand.

AT&T argues that TAFI does not have the necessary capacity to meet the ALEC's demand. In support of this claim, AT&T states that TAFI currently has the capacity to support 195 simultaneous users in BellSouth's region if its "hot spare" arrangement is activated. According to witness Bradbury, this capacity is insufficient, because AT&T alone has several hundred repair attendants that would all need to be logged into TAFI at the same time, just as BellSouth's repair attendants.

BellSouth argues that TAFI has sufficient capacity to meet demand. Witness Calhoun testified that TAFI currently supports 65 simultaneous users with a second processor being installed that will double the capacity. In addition, BellSouth has a "hot spare" arrangement in place that can be activated almost immediately. The "hot spare" arrangement protects against equipment failure in case one of the main processors fails, and it would increase the capacity by an additional 65 users for a total of 195 simultaneous users. Further, for every 65 users, the TAFI system can handle 1300 troubles per hour. Witness Calhoun also states that additional processors can be added within 60 days to increase the capacity, if needed.

f. Maintenance and Repair Summary

Upon consideration, we find that BellSouth must provide ALECs with the technical specifications of TAFI so that ALECs can integrate their OSS with BellSouth's OSS for maintenance and repair. This electronic communication capability does not currently exist; therefore, an ALEC must manually re-enter each trouble report into its own OSS system. In addition, BellSouth must provide ALECs with the ability to have all of the ALECs' repair attendants logged into TAFI at the same time, just as BellSouth's repair attendants are, in order for the TAFI interface to meet the nondiscriminatory standard. The FCC concluded that "in order to meet the nondiscriminatory standard of OSS, an incumbent LEC must provide to competing carriers access to OSS functions for pre-ordering, ordering, provisioning,

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maintenance and repair, and billing that is equivalent to what it provides itself, its customers or other carriers."

g. Billing

Problem 1: BellSouth cannot render accurate bills for resold services.

MCI and AT&T both cite problems with BellSouth's billing of resold services. MCI and AT&T state that BellSouth cannot render accurate bills at the appropriate discount rates set by this Commission. For example, MCI states that BellSouth's end-to-end testing results show that Back-Up Line service, flexible call forwarding, and directory white page listings are being billed at a 12% discount, instead of the business discount rate of 16.81%.

In addition, MCI and AT&T point out that BellSouth's end-to-end testing results show that directory assistance access resale is being billed at the business discount rate rather than the residential discount rate. AT&T also cites to the corrective action planned for this end-to-end testing result, which states that BellSouth does not plan to correct this problem until a new billing vehicle is introduced in 1998. Further, several of MCI's bills show that BellSouth is applying the wrong wholesale discount rate to recurring charges and that BellSouth has failed to discount non-recurring charges.

Witness Milner asserts that BellSouth has billed some resold services at a 12% discount, despite this Commission's Order that BellSouth bill a 16.81% discount for business customers. He further stated that "work is in progress to properly reflect those discount levels in the billing process." Witness Milner also asserts that BellSouth was billing the business rate rather than the residential rate on a residential line for the directory assistance access resale service. Witness Milner first states that this problem would be corrected in December 1997, with the 97.4 CRIS release, and that BellSouth "will refund or credit any improperly billed amounts." He states that BellSouth's Carrier Billing Service will retain customer records for bill reconciliation, but that a refund to affected customers will not be calculated until after the correction is in place. Further, witness Milner asserts that until this problem is fixed, there may be some customer confusion. Witness Milner later asserts, however, that BellSouth does not plan to correct this problem until a new billing vehicle is utilized in 1998, because of the

expense of correcting the problem. In addition, witness Milner states that BellSouth was applying the wrong wholesale discount rate to recurring charges and that BellSouth has failed to discount non-recurring charges on MCI's bills. However, witness Milner asserts that these problems were scheduled to be corrected in Florida on September 20, 1997.

h. Billing Summary

As shown above, BellSouth cannot render accurate bills for resold services. BellSouth acknowledges that it has billed the wrong wholesale discount rates, despite this Commission's Order that BellSouth bill a 16.81% discount for business customers and a 21.83% discount for residential customers. In addition, BellSouth's billing system is applying the business discount rate to a residential service. Witness Milner states that affected customers will receive refunds, but not until a new billing vehicle is implemented in 1998. BellSouth also acknowledges that it is applying the wrong wholesale discount rate to recurring charges and that it has failed to discount non-recurring charges on MCI's bills. Witness Milner claims that these problems would be corrected in Florida on September 20, 1997, but there is no evidence in the record to verify that these problems have been corrected. Thus, we find that BellSouth has not met the requirements of Order No. PSC-96-1579-FOF-TP, nor the requirements of Section 252(d)(3) of the Act.

i. Specific Resale Related Problems

In addition to the above OSS problems for resale, the following problems were raised by the intervenors.

Problem 1: Voice mail service is not being provided on an unbranded basis to MCI

In addition to the OSS problems above, MCI states that BellSouth has refused to provide MCI with voice mail service for resale on an unbranded basis. MCI states that the basis for BellSouth's refusal is that "voice mail is not a 'service' to which the contractual unbranding obligation applies." MCI cites to Attachment II, §2.3.10.1 of its interconnection agreement with BellSouth, which states, "MCI shall have the right to resell BellSouth Voice Mail services." MCI also cites Part A, §25.1 of

its interconnection agreement. This section states that BellSouth will brand any and all services at every point of customer contact exclusively as MCI services, unless MCI determines that it wants the service to be provided with no brand at all. This section further states that if BellSouth determines that it is not possible to brand operator services and directory service calls for MCI, BellSouth will "revert to generic unbranding for all local service providers, including itself." Therefore, MCI believes that BellSouth is required to provide MCI with voice mail service on an unbranded basis.

Problem 2: Disparity in conversion of customers

ICI states that BellSouth is not providing parity with respect to customer conversions. Witness Chase asserts that ICI's experience has shown that if an ICI customer wants to convert his or her service to BellSouth the customer "simply calls BellSouth and has that service switched almost instantly, with or without changes to the service itself." Witness Chase states, however, that if a BellSouth customer wants to convert his or her service to ICI, it takes two days to complete the conversion if everything works perfectly. Witness Chase further states that a perfect conversion rarely takes place. Instead, "about one third of the time it takes between two and four weeks to achieve the conversion of basic resale services."

Problem 3: Manual Ordering

Witness Chase asserts that when ICI began reselling services in October 1996, it used a manual paper Local Service Request (LSR) form to submit orders to BellSouth. Witness Chase describes this process as "complex, cumbersome, time consuming and prone to errors." Witness Chase further states that BellSouth has recently made EDI available for placing orders electronically, but that ICI is still using manual processes for these orders out of necessity. Witness Chase claims that ICI is testing the EDI process for "Move, Add, or Change" (MAC) orders for simple services, but that this testing did not begin until August 1997. In addition, witness Chase stated that complex and designed services cannot be ordered through EDI, but must be ordered on a manual basis through the BellSouth account team. Further, witness Chase states that despite BellSouth's claim that EDI was available to ALECs in December 1996, ICI was not informed

by BellSouth that EDI was available until late April 1997. Therefore, although it is in ICI's interest to utilize BellSouth's OSS as soon as practical, the transition from manual ordering to electronic ordering is a new process that will take time.

In addition, witness Bradbury asserts that LENS does not provide new entrants with the same electronic ordering capabilities that BellSouth provides itself. Witness Bradbury states that in one particular central office LENS revealed in the inquiry mode that 114 different services were available. Witness Bradbury claims that although BellSouth has the ability to order all of the 114 services, the new entrants can only order eight of the services electronically through LENS for resale. Witness Bradbury further states that new entrants must fax a service order to BellSouth "for those activities which LENS is not capable of performing."

4. Conclusion

A major area of concern with respect to the interfaces offered by BellSouth, is the amount of manual intervention that is required on behalf of an ALEC service representative. The amount of manual intervention required when placing a non-complex order via the EDI interface is far in excess of how BellSouth would place the same order. The primary problem is that BellSouth does not provide a pre-ordering interface that is integrated with an ordering interface that provides these functions in essentially the same time and manner as BellSouth's internal systems. In addition, the interface must provide the capability to interconnect the ALEC's own internal OSS to BellSouth's OSS. BellSouth has not provided the technical data to requesting carriers to permit the development of such interconnection. In the Ameritech Order, the FCC listed several components for the provision of access to OSS. These components include: 1) the interface, or gateway, which is used to interconnect the ALEC's own internal OSS to an RBOC's OSS; 2) a processing link, either electronic or manual, between the interface and the RBOC's internal OSS (which includes all necessary back office systems and personnel); and 3) all internal OSS or Legacy systems that an RBOC uses in providing resale to an ALEC.

According to the FCC, an RBOC must provide more than just an interface in order to comply with the nondiscriminatory access standard for OSS. BellSouth has only provided a portion of one of the three components mentioned above. BellSouth has provided interfaces, but the interfaces do not permit interconnection to the ALEC's OSS at this time.

The FCC states that in order for an RBOC to meet the nondiscriminatory access standard, no limits may be placed on the processing of information between the interface and the legacy systems, if such limits do not permit an ALEC to perform a function in substantially the same time and manner as the RBOC performs the function for itself.

Upon consideration, we believe that BellSouth is required to demonstrate to this Commission and to the FCC that its interfaces provide nondiscriminatory access to OSS functions. Although AT&T witness Bradbury stated that there are five characteristics of a non-discriminatory interface, we find it appropriate to recognize four of those characteristics. They are: 1) the interface must be electronic. It must require no more human or manual intervention than is necessarily involved for BellSouth to perform a similar transaction itself; 2) the interface must provide the capabilities necessary to perform functions with the same level of quality, efficiency, and effectiveness as BellSouth provides to itself; 3) the interface must have adequate documentation to allow an ALEC to develop and deploy systems and processes, and to provide adequate training to its employees; and 4) the interface must be able to meet the ordering demand of all ALECs, with response times equal to that which BellSouth provides itself.

The fifth requirement as discussed by witness Bradbury, is that an interface must comply with national standards. Although we agree that an interface should comply with national standards, there are no national standards for pre-ordering interfaces. BellSouth's proprietary interface, LENS, could have been sufficient to meet the integrated interface requirement, if it had met all four of the requirements of a non-discriminatory interface. We find that BellSouth must offer a pre-ordering interface that is integrated with the industry-standard EDI interface for two reasons. First, integration of pre-ordering and ordering function must be provided simply because BellSouth has integrated its own internal pre-ordering and ordering

functions; and second, BellSouth has declared that EDI is the ordering interface that it recommends carriers use.

In summary, we find that the interfaces and processes offered by BellSouth do not permit an ALEC to perform OSS functions in substantially the same time and manner as BellSouth performs the functions for itself. In addition, the SGAT offers the same interfaces and OSS functions; therefore, the same problems identified above are applicable to the SGAT. These deficiencies also render the SGAT non-compliant with the resale portion of the checklist.

In addition, to the OSS concerns several resale problems were presented by the intervenors that did not fall into one of the OSS categories above. First, MCI states that BellSouth has refused to provide voice mail service for resale on an unbranded basis, as required by MCI's interconnection agreement with BellSouth. Despite this claim, BellSouth provided no evidence in this proceeding to refute MCI's position. As shown above, BellSouth is required by its interconnection agreement with MCI to provide voice mail service for resale on an unbranded basis. By refusing to do so, BellSouth has violated its interconnection agreement with MCI for providing voice mail service for resale on an unbranded basis.

Second, BellSouth is not providing parity with respect to customer conversions. As explained above, it has been ICI's experience that BellSouth can convert an ICI customer back to BellSouth on the same day the customer requests the switch. In contrast, ICI stated that if everything worked perfectly it would take two days to switch a BellSouth customer to ICI. In addition, witness Chase testified that a perfect conversion rarely takes place, and in some cases a conversion takes between two and four weeks for basic resale services. BellSouth has not provided any evidence in this proceeding to prove that parity exists for customer conversions. We find that BellSouth must provide ALECs with the ability to convert customers in the same time and manner as BellSouth converts customers for itself.

Based on the foregoing, BellSouth has not met its duty to provide nondiscriminatory access to resale to requesting carriers. We agree with the FCC that the RBOC must demonstrate that it is providing equivalent access to the OSS functions associated with pre-ordering, ordering, provisioning, maintenance

and repair, and billing.

The FCC concluded in the Ameritech order, that its requirement on RBOCs to demonstrate nondiscriminatory access to OSS functions is "achievable." The FCC stated: "We require, simply, that the BOC provide the same access to competing carriers that it provides to itself."

BellSouth must demonstrate to this Commission that it is providing, to requesting carriers, access to resale pursuant to the requirements of the Act. Based on the evidence in this proceeding, however, we find that BellSouth has not met the requirements of Section 271 (c)(2)(B)(xiv). BellSouth has failed to demonstrate that it is providing nondiscriminatory access to resold services, including access to its operations support systems functions as required by the Act, the FCC's rules, and this Commission's arbitration order.

VII. PERFORMANCE STANDARDS FOR UNES AND RESALE

A. Introduction

Section 271 requires BellSouth to provide nondiscriminatory access to OSS functions for both UNEs and resale services that BellSouth provides to all requesting ALECs. Similarly, the FCC in its First Report and Order requires that BellSouth shall provide UNEs and resale services that are at least equal in quality to that which BellSouth provides to itself or its affiliates. Thus, the FCC indicated that the use of manual processes directly affects the ILEC's ability to provision services on a timely basis. BellSouth has the burden to demonstrate compliance with the requirement of nondiscriminatory provision of UNEs, resale services, and access to OSS functions.

In the Ameritech Order, the FCC determined that nondiscriminatory provision of UNEs, resale services, and access to OSS functions must be based on empirical evidence. By empirical evidence, the FCC meant the presence of actual operational data, and in the absence of such operational data, the FCC indicated that data resulting from the provisioning of analogous retail services could be used. Therefore, the required empirical evidence is the presence of measured and reported

average installation intervals for both BellSouth and competing carriers. Also, the FCC determined that Ameritech could and should disaggregate its data to permit meaningful comparisons of individual services, and that the provision of clear and precise performance standards and measurements are critical in ensuring that ALECs are provided nondiscriminatory access to OSS functions.

It appears that the performance standards and measurements are the avenue by which the existence of nondiscrimination or parity will be established and monitored. To establish the existence of nondiscrimination or parity, an ILEC has to provide a means of comparing its operational performance data to that of a competing carrier. Such an instrument should be able to provide meaningful comparison between two sets of performance data in a rather simple, but meaningful way.

BellSouth has furnished a set of performance standards and measurements that it claims will be useful in establishing and thereafter, monitoring the existence of nondiscriminatory provision of resale services and UNEs. The question, therefore, is whether BellSouth's performance standards and measurements are adequate to detect discrimination as it relates to access to BellSouth's OSS functions, and if so, has the nondiscrimination standard been met.

BellSouth witness Stacy contends that performance standards and measurements are not a checklist item required by Section 271. He states, however, that the existing Commission requirements are adequate to ensure on-going quality of service.

Notwithstanding, witness Stacy testified that BellSouth has established performance standards and measurements. According to witness Stacy, the measurements attached to his prefiled direct testimony are identical to those contained in attachment 12 of BellSouth's interconnection agreement with AT&T. He states that this same document has been filed with BellSouth's SGAT. Witness Stacy further states that BellSouth is still negotiating performance standards and measures with other ALECs.

AT&T witness Pfau argues that BellSouth has a statutory requirement to provide nondiscriminatory access to its operational support systems and functions. He argues that Attachment 12 to AT&T's interconnection agreement is not

necessarily relevant to this proceeding because Attachment 12 was constructed for the purposes of monitoring contract compliance and to allow AT&T's market entry. Thus, Attachment 12 is not adequate to detect or monitor discrimination or parity. Witness Pfau contends that Section 271 requires that when BellSouth provides service to ALECs, it has to provide that service in the same interval as it provides to itself. He further states that "[t]he FCC specifically recognized in its order that reliance on the interconnection agreements of filing BOCs could only be made after the FCC made a determination that the measures indeed showed that nondiscrimination could be detected."

AT&T witness Pfau further argues that Attachment 12 was designed to monitor the operation of the interconnection agreement between AT&T and BellSouth. Witness Pfau states that one of the failings of this document is the fact that none of the interface measurements are incorporated. Witness Pfau asserts that Attachment 12 is a representative subset of the necessary measurements needed to monitor the quality of support BellSouth provides to competing carriers. In addition, witness Pfau contends that Attachment 12 does not provide for meaningful comparison of performance.

Witness Pfau asserts that a major flaw of Attachment 12 is that it is difficult to tell from this document how long it takes BellSouth to provide a service, and that most of the measures do not demonstrate that the specific target interval has any relevance to BellSouth's data. Witness Pfau argues that the target-based measures that BellSouth uses are designed to monitor and compare performance to a fixed level of objective performance. As an example the witness states that the

...percent due dates met is a target-based measure, the due date in this case being the target. The problem with these measures is they can mask discrimination. If two companies both experience 95% due dates met, it does not mean parity. One company could experience an average service delivery interval of one day, and the other could experience a four-day service delivery interval. BellSouth would say if both had the same percent due date met, then parity exists.

Witness Pfau contends that the primary concern with target-

based measures is the potential for masking discrimination. Witness Pfau asserts that negotiated targets represent "[s]imply what the parties agreed BellSouth would be obligated to deliver in the absence of actual comparative data of BellSouth."

B. BellSouth's performance target intervals and the SPC

BellSouth witness Stacy states that BellSouth has established performance target intervals that will be used to measure parity or nondiscrimination. BellSouth indicates that its retail analogues are the basis of its proposed target intervals. BellSouth contends that these performance targets are adequate to demonstrate parity, since the target intervals were set using BellSouth historical retail data. BellSouth concedes, however, that it does not provide UNEs to its end users; thus, it does not have any prior experience or historical data upon which it can establish performance target intervals for services, such as UNEs. BellSouth has derived performance target intervals based on its analysis and "best-effort" to allow the collection of data necessary to establish fact-based intervals.

To demonstrate nondiscrimination or parity, BellSouth has proposed the use of the Statistical Process Control (SPC) as a method of analysis and a reporting format. Witness Stacy states:

the SPC is a process control used, ..., in almost every industry, and particularly those who are interested in running a high-quality operation, to determine whether an existing process ... is operating in a controlled fashion, ... And there is a systematic method for taking a measurement on a process and determining whether the process itself is so-called in control or out of control.

Witness Stacy asserts that BellSouth will use its historical and current operational data to establish statistical control parameters, and will use the process control chart to report BellSouth's and ALECs' performance. BellSouth will use the SPC analysis to establish the average and the standard deviation, and set the lower/upper control limits at three standard deviations for the proposed control chart using its data. Witness Stacy contends that with three sigma deviations, the SPC captures approximately 99.7% variability in the sample data. Witness

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Stacy asserts that the ALECs' performance will be superimposed on this control chart for comparison, thus providing for a graphic comparison of BellSouth's and the ALECs' performance.

Witness Stacy argues that its proposed performance target intervals are sufficient to detect and show nondiscrimination in its processes. He contends that BellSouth's proposed use of the SPC as a statistical method through which parity could be proven is fact-based. BellSouth claims that the SPC is a process control system that has been tested and proven to be adequate in detecting problems in controlled processes. Specifically, BellSouth argues that its proposed target intervals and the SPC are sufficient to determine parity. Witness Stacy states:

I believe it is a valid method for making comparison between the services BellSouth is providing to itself, its own retail units and to the CLECs and is a method that will be easily understood and easily visible to the Commissions over a period of time to prove that parity exists.

AT&T witness Pfau asserts that performance metrics often monitor performance only against a given threshold value, and that

measures oriented toward percentages of cases exceeding a target do not allow monitoring of nondiscrimination because the measure only tracks the frequency that a potentially arbitrary threshold is exceeded rather than monitoring and comparing actual performance experienced.

Witness Pfau further asserts that nondiscriminatory support is best demonstrated by comparing the ALEC's performance to the performance BellSouth delivers to its retail operation in the same or reasonably analogous situations. He asserts that in the absence of such analogous operations, benchmark targets, such as those provided in the LCUG, can be used to establish minimum levels of performance on an interim basis pending the development of performance measures.

Witness Pfau argues that the SPC is not an adequate means for comparing two sets of performance for nondiscrimination. Witness Pfau further argues that the SPC is designed for a

single, stable operating process, whereby some observable patterns are obvious. According to witness Pfau, BellSouth is misapplying this monitoring tool by proposing to use it to observe multiple systems. i.e., BellSouth's and the ALEC's. He asserts that "[w]e have already seen that their interfaces are different, so there ... you are using a different way to get to their legacy systems," Witness Pfau asserts that these are new processes that lack the level of maturity to exhibit any stable performance. Witness Pfau argues that SPC is designed as a business decision criteria to elicit action when performance is outside some prescribed control parameters. Witness Pfau further argues that BellSouth's SPC will be slow to detect a discriminatory situation, and will only detect the most absurdly flagrant cases of discrimination.

Witness Pfau argues that BellSouth's measurements may actually hide discrimination. Witness Pfau believes that the Commission must require measurements that are specifically designed to monitor performance and detect discrimination. He argues that BellSouth's proposed measurements do not allow for direct comparison of any two sets of performance data. Witness Pfau insists that comparison is the only test and the basis for proving nondiscrimination.

Witness Pfau takes issue with BellSouth's use of three sigma deviations in its proposed use of the SPC. He argues that the three sigma deviation control limits are not restrictive enough to detect discrimination. According to witness Pfau, three sigma deviation provides for a .25% probability of having an observation fall outside the control limits. He states that an ALEC is not worried if the performance is better. According to witness Pfau, the ALEC is only concerned with one side of the statistical bell curve. Since the ALEC is only concerned with one side of the bell curve, the .25% probability is now reduced to half; "[w]e are down to a little over a tenth of a percent probability that BellSouth would be brought in to explain performance that truly was well within bounds of parity." Witness Pfau contends that this provides too much protection for BellSouth. Witness Pfau asserts that in the use of statistical testing for performance, a 95% confidence interval, i.e., two sigma deviations, is generally used compared to BellSouth's proposed 99.7% by the use of three sigma deviations.

AT&T witness Pfau insists that for the SPC to become suitable for monitoring nondiscrimination, the SPC must be set to efficiently detect nondiscrimination. Witness Pfau contends that this requires a time frame ranging from 6 to 12 months of data collection, and "[I] think Mr. Stacy said it takes six to nine months of data to build a historical track record."

AT&T witness Pfau argues that BellSouth could utilize a different statistical methodology to test for discrimination. He asserts that a mean performance test for both BellSouth and the ALEC would provide for direct comparison of the two sets of performance data. Witness Pfau further contends that a variability test, whereby the variability in an ALEC's performance is compared to the variability to BellSouth's retail performance, would be appropriate. Both of these tests, witness Pfau argues, must be conducted within a 95% confidence interval.

He argues that with the proper operational data, these tests would allow one to determine when the testing results are materially different.

In addition, TCG witness contends that BellSouth does not provide measures for transport trunks for such activities as they relate to facilities-based carriers. ICI witness Strow states that BellSouth does not measure and monitor performance that relates to advanced data services.

Upon consideration, we believe that an effective monitoring system must allow for a simple but meaningful comparison of any two set of performance data. We do not believe that performance target intervals are adequate, nor can they provide a direct comparison, since target intervals measure the frequency of error in meeting the established target interval. We agree with AT&T that the proposed target intervals cannot tell how long it will take BellSouth to provide a service, nor do these measures demonstrate that the specific target intervals have any relevance to BellSouth's operational data. Thus, we agree that target-based measurements have a greater potential for masking discrimination. We also agree that the AT&T/BellSouth negotiated standards and measurements are only a representative sample of required measurements necessary to monitor the quality of support BellSouth provides to competing carriers. As indicated by both AT&T and BellSouth, Attachment 12 is subject to revisions and updates.

In addition, we do not believe that BellSouth's Statistical Process Control is adequate to demonstrate nondiscrimination and parity, since the SPC is generally utilized in stable, controlled, single system manufacturing environments. The SPC has had limited application, if any, in the service sector. We agree with AT&T that the SPC is not adequate to compare two sets of performance data for nondiscrimination. BellSouth is potentially misapplying the SPC by attempting to use it to monitor multi-system processes in the service environment as witness Pfau argues. The processes utilized to inject competition in the local exchange market are rather new processes, and therefore, lack the level of maturity that would warrant classifying these processes as stable. We also believe this method of evaluation skews the ALEC's performance analysis outcome, since BellSouth is superimposing the competitors' data onto its own.

We disagree with BellSouth's use of three sigmas to set the control limits for its proposed control chart since three sigmas imply 99.7% probability of any variability being within control limits. We do not believe the use of three sigmas is sufficiently restrictive to detect discrimination, especially if this is utilized in conjunction with target-based measurements. We note that BellSouth witness Stacy conceded that the control limits in the SPC could be set at any desired sigmas. AT&T suggests the use of a mean performance and performance variability testing using a 95% confidence interval as an effective method for comparing operational performance between BellSouth and the competing carriers. BellSouth did not address these suggestions. We, however, believe that mean performance testing and the performance variability testing provide for direct comparison better than any target-based measures.

C. The Intervenor's Proposed LCUG

Several intervenors including AT&T have expressed interest in the LCUG proposed metrics as a representative sample of a "critical few" measures which could serve as the start of an effective measurement plan. The intervenors contend that the LCUG measures could be construed as minimally acceptable measures for monitoring discrimination. These measures could be viewed as benchmarks that the LCUG requires in order to provide a competing carrier an opportunity to compete. These benchmarks are not

based on actual sampling of ILEC performance, but instead, are based on IXCs' experience or what could be termed as "best of the class." AT&T witness Pfau argues that the LCUG metrics are along the lines of the guidelines that the FCC has provided in the Ameritech Order.

AT&T witness Pfau contends that by presenting the LCUG, AT&T is in effect providing a reasonable alternative monitoring system to BellSouth's proposed monitoring system that AT&T and other ALECs believe is adequate for Section 271 compliance. Witness Pfau argues that the LCUG metrics propose direct comparison and not the standard use of benchmarks. Witness Pfau contends that the LCUG is actually a third resort because

what we are asking them to adopt is a measurement system that allows us to make direct comparisons and only revert to those LCUG standards when ... there is no analog or comparable internal function to compare to BellSouth and then ... only after BellSouth has not produced any special studies that would produce a different result than what LCUG proposes.

WorldCom witness McCausland argues that in presenting the LCUG metrics to BellSouth, the intent was that BellSouth could use the LCUG as the basis for future measurements. These intervenors argue that BellSouth is not disadvantaged, since its proffered performance standards and measurements have been deemed as only a starting point.

FCCA witness Kinkoph asserts that the LCUG metrics cannot be construed as providing parity, but simply as the best of class performance benchmarks that the states could use to establish required intervals based on the individual ILEC's operational performance. In the absence of an ILEC's operational data, witness Kinkoph contends that the LCUG metrics should become the default performance benchmarks. Sprint witness Closz contends that the LCUG still needs work since some of the measures are not fully known by either BellSouth or the intervenors. She further contends that some of these measures are surrogates and not fully described because of limited information to warrant good understanding of what such parity standards should be.

BellSouth witness Stacy disagrees with the use of the

proposed LCUG metrics. He contends that BellSouth has a negotiated agreement with AT&T that contains a set of measures that meet both of their business needs. Witness Stacy argues that the LCUG has measurements that are arbitrary, and sets expectations that are not based on any concept of parity or BellSouth's best business interests. In addition, witness Stacy argues that the quantity of measures that the LCUG metrics require are far more than what BellSouth uses to manage its operation; thus, it is unreasonable.

Upon consideration, we find that the LCUG metrics are just a representative sample of a critical few measures that could serve as the initial step in an effective measuring plan for nondiscrimination. They should not be relied upon indefinitely and solely to determine nondiscrimination. We note the intervenors' concession that the LCUG's benchmarks are not based on actual ILEC's operational performance data, but instead, on the "best of class" as per their experience as IXC's.

D. Conclusion

BellSouth has proposed the use of its negotiated measures with AT&T, i.e., Attachment 12, as its performance standards and measurements in this proceeding. In addition, BellSouth has proposed to use the statistical control process as a reporting format for ALECs' performance. As discussed above, we reject both of these proposals. The FCC determined in the Ameritech Order that data on average installation intervals regarding the BOC's retail operations is critical in determining nondiscrimination. BellSouth has not provided such operational data in this proceeding; thus, BellSouth has not met this requirement. We believe that BellSouth must provide the necessary historical data to facilitate the establishment of initial benchmarks. These initial benchmarks should, at a minimum, address all of the functions listed in the LCUG. Further, we find that BellSouth should provide performance measures that are clearly defined, permit comparison with BellSouth retail operations, and are sufficiently disaggregated to permit meaningful comparison. We believe that one way to accomplish this is by mean provisioning intervals. BellSouth should provide statistically valid commercial usage data showing: 1) average installation intervals for resale; 2) average installation intervals for loops; 3) comparative performance information for unbundled network elements; 4) service order accuracy and percent

flow through; 5) held orders and provisioning accuracy; 6) bill quality and accuracy; and 7) repeat trouble reports for unbundled network elements. Regardless of the method used, BellSouth must demonstrate from commercial usage data that it performs analogous functions for itself and ALECs in a statistically comparable manner.

VIII. INTRALATA TOLL DIALING PARITY

Section 271(e)(2)(A) requires a BOC to provide intraLATA toll dialing parity throughout Florida coincident with its authorized exercise of interLATA services. Additionally, Section 271(e)(2)(B) states that except for single-LATA States and States that have issued an order by December 19, 1995, requiring a Bell operating company to implement intraLATA toll dialing parity, a State may not require a Bell operating company to implement intraLATA toll dialing parity in that State before a Bell operating company has been granted authority to provide interLATA services originating in that State or before 3 years after the date of enactment of the Telecommunications Act of 1996, whichever is earlier. We note, however, that by Order No. PSC-95-0203-FOF-TP, issued February 13, 1995, we implemented intraLATA toll dialing parity in Florida.

The FCC formulated rules (Section 51.205-51.215 contained in FCC Order 96-333, issued August 8, 1996) dealing with local and toll dialing parity, including implementation plans and schedules, and the recovery of dialing parity costs.

In its Order, the FCC concluded that national rules were needed for the recovery of dialing parity costs. The FCC further concluded that these costs should be recovered in the same manner as the costs of interim number portability, which were recovered on a competitively-neutral basis.

The United States Court of Appeals for the Eighth Circuit Court concluded, however, that the FCC had exceeded its jurisdiction in promulgating its dialing parity rules applicable to intrastate service. In Docket No. 96-3519, issued August 22, 1997, the Court vacated the FCC's dialing parity rules, 47 C.F.R. 51.205-51.515, as they apply to intraLATA telecommunications.

By Order No. PSC-0203-FOF-TP, issued February 13, 1995, in

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Docket No. 930330-TP, we ordered BellSouth to provide 1+ intraLATA presubscription by the end of 1997.

Section 271(e)(2)(A) of the Act requires that BellSouth provide intraLATA toll dialing parity no later than the date on which it is granted interLATA authority. For the most part, the parties in this proceeding did not provide testimony directly related to this issue or dispute the fact that BellSouth has already implemented 1+ intraLATA presubscription in Florida.

The majority of the parties took the position that the burden of proof resides with BellSouth to prove that intraLATA toll dialing parity will be implemented as required by the Act. FCCA and ACSI assert they do not have sufficient information to formulate a response to this issue. ICI, AT&T, and WorldCom assert that BellSouth is the proper party to respond to this issue. Sprint and FCTA take no position on this issue.

MCI asserts that BellSouth has not implemented a competitively neutral method for cost recovery of intraLATA toll dialing parity pursuant to FCC Order 96-333, issued August 8, 1996. As discussed earlier, however, the United States Court of Appeals for the Eighth Circuit Court concluded that the FCC had exceeded its jurisdiction in promulgating its dialing parity rules applicable to intrastate services. In Docket No. 96-3519, issued August 22, 1997, the Court vacated the FCC's dialing parity rules, 47 C.F.R. 51.205-51.515, as they apply to intraLATA telecommunications. Thus, we find that MCI's contention is without merit.

Witness Varner asserts that BellSouth has been providing 1+ intraLATA toll presubscription in all of its end offices since the end of March 1997. We agree. Accordingly, we find that BellSouth has met the requirements of Section 271(e)(2)(A) of the Act.

IX. BELLSOUTH'S STATEMENT OF GENERALLY AVAILABLE TERMS AND CONDITIONS

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding,

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pursuant to Rule 25-22.029, Florida Administrative Code.

Section 252(f)(2) of the Act requires that the SGAT meet two criteria: 1) it must comply with Section 252(d), which requires nondiscriminatory cost based prices, and regulations for interconnection, network elements, transport and termination of traffic, and wholesale rates; and 2) it must further comply with Section 251, which defines duties of interconnection, unbundled access, and resale. In addition, Section 252(f)(3) of the Act states that the state commission to which a SGAT is submitted shall review it within 60 days. If review of the SGAT by a State Commission is not completed within 60 days, the SGAT becomes effective.

BellSouth contends that its proposed SGAT meets each of the 14 checklist items. Furthermore, BellSouth asserts that the specifics of the various offerings that satisfy the checklist items are addressed in the correlating issues identified in the hearing in this docket. BellSouth contends that its final SGAT filed September 18, 1997, as late filed exhibit number 125 to this proceeding, was the same as its revised SGAT filed on August 25, 1997, which was an attachment to witness Scheye's testimony filed in this proceeding. While we agree that these filings are identical, the official SGAT was filed on September 18, 1997, after the close of the record on BellSouth's Petition filed pursuant to Section 271 of the Act. Since BellSouth's official SGAT was not a part of the record, we are issuing our decision on the SGAT as a proposed agency action.

Most of the competing providers in the proceeding on BellSouth's Petition argued that BellSouth's SGAT cannot be approved because it does not comply with Sections 252(f)(2) and 252(d)(1) of the Act. These sections require that the interconnection and network element charges in the SGAT be based on BellSouth's cost of providing interconnection or a network element. We note that BellSouth witnesses Varner and Scheye acknowledged that BellSouth did not file cost studies to support the prices in the SGAT. In addition, there are prices for interconnection and network elements in the SGAT that are not cost based. Witness Scheye stated in the 271 proceeding that there is no cost basis for the selective routing, loop distribution, and network interface devices in the SGAT. In addition, witness Scheye asserted that there are interim rates

that were established in the arbitration proceedings in Florida that may or may not be changed when the arbitrated rates become final.

The intervenors also argued that we should reject BellSouth's SGAT because it does not comply with the fourteen point checklist. Finally, they argued that BellSouth has not demonstrated that it has fully implemented the competitive checklist.

Upon review, we do not believe that approval of BellSouth's SGAT depends on whether it complies with the fourteen point checklist per se. The SGAT must comply with Sections 251 and 252(d) of the Act. These sections do contain provisions that mirror the requirements in the competitive checklist. BellSouth's SGAT, however, may lack certain provisions that are contained in the checklist, and on the other hand, it may also have additional provisions that are not contained in the checklist. Nonetheless, based on our review of checklist items 1-14 in the hearing on BellSouth's Petition, we are able to conclude that BellSouth's SGAT does not comply with Sections 251 and 252(d) of the Act at this time. A summary of our findings on the checklist items is set forth below. A more detailed analysis of the individual checklist items is contained in Part VI. of this Order.

Interconnection

Consistent with our discussion in Section VI.A., we do not believe that the language in the SGAT governing Trunk Groups complies with the terms of 47.C.F.R. §51.305(5)(f). That language requires that if technically feasible, two-way trunking shall be provided upon request. The SGAT language places more restrictions on provision of two-way trunking than the Act allows.

The SGAT defines "local traffic" for purposes of identifying service and distinguishing it from "exchange access." The definition is different from the language BellSouth used in its arbitrated agreements with AT&T and MCI. We now know there is a dispute over whether ISP traffic should be considered local traffic. BellSouth argues that it is jurisdictionally interstate. Since this is a dispute that must be resolved, we do

not believe that we should approve this language prior to the resolution of the dispute.

Provision of physical and virtual collocation

BellSouth's SGAT does not comply with Section 251(c)(6). The collocation rates in Attachment A to the SGAT are not those approved by this Commission pursuant to arbitrated or negotiated agreements. Based on the record, BellSouth changed the rates as a result of "additional cost work". The cost work was not submitted in this proceeding and has not been approved pursuant to Section 252(d)(1).

The Handbook contains no provision for ordering intervals, despite the fact that the Commission set such provisioning intervals in the BellSouth arbitration proceedings. We note that the Handbook should not be considered a part of the SGAT unless we approve the language contained therein and that language is incorporated by Order.

Access to Unbundled Network Elements

Our review of the SGAT reveals that there are several UNES for which we did not set rates in an arbitration proceeding. These elements are sub-loop elements and consist of loop distribution, loop cross connect, and loop concentration. Since cost studies were not submitted with the SGAT for these elements, we do not know what the cost basis is for the rates. Further, there is no cost evidence in the record for us to conclude that the rates for these sub-loop elements would be reasonable, even as interim rates. We do not believe that interim rates can be used to support the SGAT or to demonstrate checklist compliance in general. We note, however, that we will be setting permanent rates for the UNES for which BellSouth has interim rates in the near future. We would not reject BellSouth's application for interLATA authority simply because there are a limited number of interim rates that will be replaced by permanent rates in the near future. The SGAT and interconnection agreements can be revised once permanent rates are established for those UNES.

It is not clear whether BellSouth can mechanically generate CABS formatted bills at this time, since BellSouth provided AT&T with CLUB billing statements for the AT&T concept test. Although

the draft SGAT provides CABS formatted billing for interconnection services, the draft SGAT does not state how carriers will be billed for UNEs. We conclude, therefore, that BellSouth must provide mechanically generated bills in the national standard CABS format.

BellSouth has not provided access usage detail to ALECs. Although it has provided this information for its own purposes, BellSouth has not demonstrated that it has, or that it can, provide access usage detail to requesting carriers. In conclusion, BellSouth records access usage billing for itself, therefore, it must provide such billing detail information to requesting ALECs.

Further, as discussed in Section VI.B., we find that the interfaces and processes offered by BellSouth do not permit an ALEC to perform an OSS function in substantially the same time and manner as BellSouth performs the functions for itself.

Access to Poles, Ducts, Conduits, and Rights-of-Way

Consistent with our discussion in Section VI.C. of this Order, we find that the SGAT satisfies the requirements of the Act regarding access to poles, ducts, conduits, and rights of way.

Local Loop Transmission Between the Central Office and the Customer's Premises

Consistent with our discussion in Section VI.D. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Local Transport from the Trunk Side Unbundled from Switching

We find as discussed more fully in Section VI.E. of this Order, BellSouth has not demonstrated that it can bill for usage sensitive UNEs. Accordingly, BellSouth has not met the requirements of the Act.

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Local Switching Unbundled from Transport, Local Loop
Transmission or Other Services

We find as discussed more fully in Section VI.F. of this Order, BellSouth has not demonstrated that it can bill for unbundled local switching on a usage sensitive basis. Accordingly, BellSouth's has not met the requirements of the Act.

Nondiscriminatory Access to 911 and E911 services;
directory assistance services and, operator call
completion services

As discussed in Part VI.G. of this Order, we find that BellSouth provides nondiscriminatory access to 911/E911 and operator call completion services. We conclude, however, that BellSouth is not providing all directory listings to requesting carriers at this time. BellSouth states that it cannot give out ALEC or ILEC customer information without permission from the ALEC or ILEC because of agreements they have entered into with them. We do not decide today whether those agreements are appropriate or constitute discriminatory behavior. We merely conclude that BellSouth is not providing all directory listings to requesting carriers at this time.

White Page Directory Listings for ALEC Customers

Consistent with our discussion in Section VI.H. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Nondiscriminatory Access to Telephone Numbers for ALEC
Customers

Consistent with our discussion in Section VI.I. of this Order, we find that this portion of BellSouth's SGAT satisfies the requirements of the Act.

Nondiscriminatory Access to Signaling and Signaling
Databases

Consistent with our discussion in Section VI.J. of this Order, we find that this portion of BellSouth's SGAT satisfies